



Washington State Auditor's Office

Government that works for citizens

Performance Audit

Ensuring Economical and Efficient Printing for Washington

October 31, 2016

The Department of Enterprise Services' (DES) Printing & Imaging (P&I) program provides printing and consulting services to state agencies, cities, counties, schools and tribes, by helping them order an extensive variety of printed materials. P&I either fulfills these orders itself or outsources pieces or the entire order to private businesses. It also offers advice on current print management techniques and partners with other programs within DES to provide full-service design and mailing.

This audit, following up our 2011 audit, found no agencies have merged their print shops with P&I, although some have reduced their costs by downsizing their own print shops. We also found that P&I's process includes seeking competitive bids and outsourcing a third of all print work, which contributes to economical printing for customers. Although P&I collects some vendor pricing information that shows its prices are lower than average, program managers need more pricing information and other vendor performance measures to fully demonstrate that P&I's print prices, print quality and on-time delivery are competitive. It could also use this information to identify trends and adjust its business strategies accordingly. DES is promoting print management strategies; if it continues its efforts, and all state agencies fully implement them, we estimate it could help the state save up to \$3.9 million to \$11.7 million. However, without complete information about the implementation of print management strategies, we could not estimate how much of this amount the state has already saved through partial implementation.



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Executive Summary

In 2011, our Office conducted a performance audit of printing services and found that the state was operating inefficiently, using relatively few of the effective tactics other states used to hold down printing costs. Our recommendations included allowing private printers and the Department of Printing to compete for all jobs, merging agency in-house print shops, and adopting statewide cost-containment strategies. Following our audit, many state central services, including the Department of Printing, were consolidated under a new agency, the Department of Enterprise Services (DES). DES' Printing & Imaging (P&I) program serves as the state's central print shop and imaging resource.

The Legislature required the State Auditor's Office to conduct a follow-up audit by November 2016. For this audit, we wanted to know:

1. Does P&I's competitive bidding process ensure economical and efficient printing for the state? If not, why not?
2. Is DES promoting print management strategies to all state agencies?
3. Have any agencies merged their in-house print shops with P&I?

In January 2014, similar to a trend seen globally, P&I experienced decreased demand for printing jobs. As a result, P&I adjusted its business practices, reduced its costs and cut 17 full-time positions. DES also co-located P&I with Production Services and combined some staff, functions and equipment from P&I and Consolidated Mail Services to increase efficiencies. In the past year, P&I revenues have increased.

Printing & Imaging needs more vendor-pricing and performance information to fully demonstrate its print prices are competitive

P&I helps customers, including state agencies, cities, counties, schools and tribes, order an extensive variety of printed materials, which can be either fulfilled by P&I or outsourced partially or fully to private businesses. When it outsources a job, P&I sends a bid request to a pool of pre-qualified vendors. This process helps ensure competitive prices for customers. However, without reliable price comparisons for the orders P&I prints, it has difficulty demonstrating that its prices are competitive with private vendors.

P&I conducts an annual market analysis, comparing prices it charged for a selection of jobs it printed to quotes collected from vendors. Our review of the last two analyses found that P&I's prices are lower than the average of the vendor quotes, but a vendor usually had the lowest price. When we reviewed P&I's 2014 market analysis, our results suggested the state could save money if the program closed. However, when we reviewed the 2015 market analysis, it suggested that it would be more expensive for the state to procure all print jobs from private printers. P&I performed a similar analysis on the 2015 data and reported its results to the Office of Financial Management, which came to the same conclusion. But these annual market analyses are limited and capture only 15 to 30 of P&I's 13,000 print jobs each year.

In addition, P&I did not randomly select the jobs it included, so the results may not be representative of all jobs it printed. For these reasons, the market analyses may not reflect the program's actual pricing competitiveness. To gain certainty around its pricing, P&I will need to find ways to collect additional and more representative pricing data. Two options include the use of random samples and sharing pricing information with other large governments that provide centralized printing and imaging services.

P&I has attracted new and repeat business

Although its prices were typically higher than the lowest quotes for the limited comparisons performed, P&I continues to attract business from state agencies and other customers, indicating they value its services. P&I managers told us they create efficiencies for their customers by combining print, mail and fulfillment services under one program. They said their customers tell them they choose P&I's integrated service because it offers better service, the ease of dealing with one organization and lower prices.

Even if P&I's prices are higher, customers can be willing to pay more if the work is of higher quality or can be delivered on schedule. Because P&I does not collect enough vendor performance information to compare its timeliness and quality to that of its vendors, managers cannot know for sure whether the higher prices it charges correspond with faster and higher quality work. However, P&I received high customer satisfaction ratings in its latest customer survey.

DES is already promoting print management with agencies and could do more

Print management strategies aim to reduce overall printing costs as much as possible while still meeting an agency's mission. Effective August 2015, Washington Administrative Code 200-380-030 required all state agencies to: adopt policies, standards and procedures governing the management of their print operations; determine baseline print costs; and submit annual print management strategy reports to DES. Agencies with more than 1,000 employees are further required to enter into contracts with private vendors designed to help them assess their printing needs, optimize their equipment to meet those needs and reduce printing costs.

DES has been promoting print management to state agencies and has developed print management guidelines. It also surveyed state agencies in June 2016 to assess their progress in implementing print management. However, DES could continue providing training and take other steps to encourage agencies to use its print management guidelines. This may help the many agencies that have yet to implement any strategies. If they did so, the state would likely save more money on printing costs: we estimate savings of up to \$3.9 million to \$11.7 million annually. However, without complete information about the implementation of print management strategies, we could not estimate how much of this amount the state has already saved through partial implementation.

Agencies have not merged their in-house print shops with P&I

Finally, we found that state agencies have not implemented our recommendation from the 2011 audit to merge their print shops with P&I. Some agencies have instead downsized their shops, reducing the number of employees and equipment.

Recommendations

To ensure it provides the state with the lowest cost or with the best balance of cost, timeliness and quality, we recommend P&I:

1. Collect performance information on vendor product quality and delivery
2. Analyze and benchmark P&I's performance against vendor performance in these areas
3. Explore ways to collect additional pricing information to identify trends and adjust business strategies accordingly. Possibilities include:
 - Performing its market analysis more than once annually
 - Comparing prices to other government print shops that provide centralized print and imaging services
4. Randomly select jobs for its market analysis in addition to recurring orders it includes in every review

To improve agencies' implementation of print management, we recommend DES:

5. Publish each agency's progress at implementing the state's print management requirements so that the Governor, Legislature and public can monitor their progress
6. Continue to reach out to agencies to ensure they are aware of the state's print management requirements and guidelines
7. Request that agencies report their baseline printing costs and how those costs have changed over time as a result of print management efforts
8. Continue to offer training and assistance to agency personnel on print management

Introduction

Information can be transmitted, shared and read on screen electronically around the world almost instantaneously. However, even as information has become increasingly digital, printed materials still play an important role in business and government operations. While Washington's Office of Financial Management directs state agencies, including colleges, universities, boards and commissions, to consider their needs and those of their customers carefully before committing a document to paper, state or federal law nonetheless requires many documents be available in printed form. It is difficult to calculate the total amount state agencies spend each year on printing, but in fiscal year 2016, agencies reported spending more than \$55.7 million. This amount could be understated, as items paid for with purchase cards and supplies, such as toner and paper, may be reported to different accounts in the state's financial reporting system.

Earlier audit produced six key recommendations

In 2011, our Office conducted a performance audit of printing services, including what was then the Department of Printing, to determine if the state could reduce printing costs. The audit found that, overall, Washington was operating inefficiently, using relatively few of the effective tactics that other states used to hold down costs. Specifically:

- The state was not receiving the full benefits of an increasingly competitive printing marketplace. State law limited the Department's operating flexibility and often prevented state agencies from obtaining bids from private printers.
- The presence of multiple, independently operated state agency print shops contributed to inefficiency and unnecessary duplication of services. Much of the state's large-capacity production printing equipment was underused.
- Nearly half the state's printing expenses were for equipment and supplies to support office-based printing — desktop printers, paper, ink, toner and other supplies. With very limited exceptions, state agencies were not using leading practices to reduce these costs, and the state lacked a management strategy to contain printing costs.

To address these issues, we recommended:

1. Allowing state agencies to obtain bids from private vendors and requiring them to include the Department in all solicitations
2. Permitting the Department to set its own prices
3. Regularly updating the budgeted hourly rate to reflect operational costs
4. Consolidating agency in-house print shops with the Department
5. Developing uniform criteria to help agencies determine when to seek bids and how to evaluate them
6. Requiring state agencies to implement print service contracts and other cost-saving strategies

We estimated potential cost savings between \$5 million and \$13.6 million after full implementation of the recommendations. The Legislature required the State Auditor's Office to conduct a follow-up audit by November 1, 2016.

Objectives for our follow-up audit

The purpose of this performance audit is to build on the findings of our previous audit and to follow up on its recommendations. Since statewide printing services are now managed under the Department of Enterprise Services' (DES) Printing & Imaging (P&I) program, that is where we focused our attention. We asked the following questions:

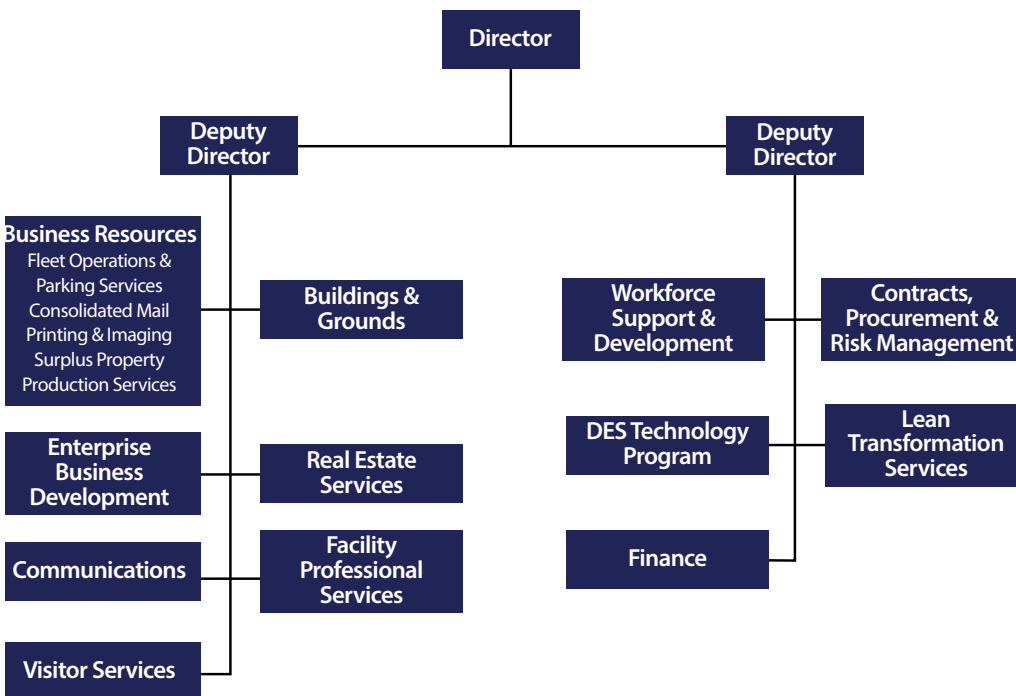
1. Does P&I's competitive bidding process ensure economical and efficient printing for the state? If not, why not?
2. Is DES promoting print management strategies to all state agencies?
3. Have any agencies merged their in-house print shops with P&I?

Background

Since our 2011 audit, state printing services have changed considerably. After the audit was published, lawmakers passed a bill to reorganize state government, streamlining central services. The law (RCW 43.19) combined the programs and services of several agencies, including the Department of Printing, into a new agency, the Department of Enterprise Services (DES), with the goal of saving the state money. The Printing and Imaging (P&I) program within DES is now responsible for the state's centralized printing operations.

Exhibit 1 – DES organization chart

The Department of Printing (now P&I) was one of several programs and services combined into the Department of Enterprise Services



Source: Department of Enterprise Services.

The law also made several changes to state printing policies which addressed some of our 2011 audit recommendations. It:

- Repealed the law that required state agencies to use the state printer
- Eliminated the price cap for print jobs
- Required state agencies to consult with P&I regarding economical and efficient options for printed materials and include P&I in bid solicitations
- Required agencies with more than 1,000 employees to implement print services contracts
- Required DES to:
 - Issue guidelines on how state agencies should manage their print jobs
 - Determine which agencies have print shops and develop a plan to consolidate them

In 2012, P&I made several changes aimed at improving efficiency and customer service. Its efforts included focused marketing, increased customer outreach, a new customer storefront, improvements to the website, and tools to streamline the order process. It also made process improvements which reduced job completion times.

In January 2014, similar to a trend seen globally, P&I experienced decreased demand for printing jobs. As a result, P&I adjusted its business practices, reduced its costs and cut 17 full-time positions. DES also co-located P&I with Production Services and combined some staff, functions and equipment from P&I and Consolidated Mail Services to further increase efficiency.

Today, P&I completes about 17,000 print jobs a year for its customers and earns about \$20 million annually in revenue, an increase from past years. It provides copy center services, offset printing, digital printing, mounting and laminating, custom envelopes, design, fulfillment, binding and finishing, consulting and many other services.

Scope & Methodology

To determine if any agencies have merged their in-house print shops with P&I, we reviewed written responses to our first audit and to our annual progress reports, which provide updates on the steps that audited agencies have taken to address our previous recommendations. We also contacted every agency with an in-house print shop to confirm the information in their responses. Some agencies sent us estimated savings that resulted from downsizing or other cost-saving measures they have taken since the last audit. We did not confirm this self-reported information.

To determine if P&I's competitive bidding process ensures economic and efficient printing for the state, we interviewed agency management and staff and reviewed documents to gain an understanding of how P&I:

- Processes a print order
- Decides whether to send a job out for bid or complete it in-house
- Measures vendors' and its own performance

We obtained vendor solicitations and awards to determine the price of orders that were competitively bid. We analyzed data from all outsourced orders in fiscal year 2015 to determine why vendors were selected for particular jobs. We also reviewed analyses P&I uses to determine whether its prices are competitive with the private sector. P&I provided summaries of these analyses, which included bid information collected from vendors.

To determine if DES is promoting print management, we interviewed agency management and reviewed documents DES created as guidance for agencies. DES managers told us they were surveying all state agencies about the progress they have made in developing print management strategies. We used the agencies' self-reported information from the survey in our analysis, but did not confirm its accuracy.

Audit performed to standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with Generally Accepted Government Auditing Standards (December 2011 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. See Appendix A, which addresses the I-900 areas covered in the audit.

Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and/or by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the State Auditor's Office will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing. Please check the JLARC website for the exact date, time and location (www.leg.wa.gov/JLARC). The State Auditor's Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion.

Audit Results

Question 1: Does P&I's competitive bid process ensure economical and efficient printing for the state?

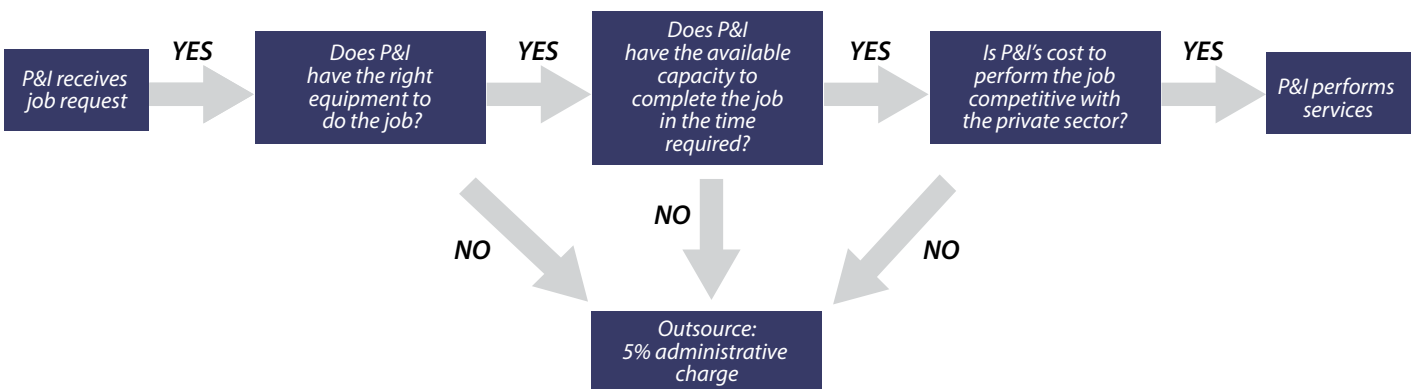
Answer in brief

Yes, in part. While competition helps ensure low prices for jobs P&I outsources to vendors, P&I faces challenges demonstrating that its own prices are competitive. However, because customers can now use private printers if they choose, new and repeat business suggests they find P&I's prices and services to be competitive.

P&I's process includes outsourcing and seeking competitive bids, which contribute to more economical printing for customers

In its consulting role, P&I helps its customers order printed materials and advises them on whether printing by P&I or an outside vendor offers the best value. P&I outsources about 30 percent of print jobs using a competitive bid process, illustrated in Exhibit 2 below. P&I also solicits bids for work on behalf of its customers from a pool of almost 400 prequalified vendors; it maintains a list that is sorted into categories depending on the work the vendor can perform. P&I monitors vendors' overall performance to ensure the vendors it uses meet quality standards and delivery commitments.

Exhibit 2 – P&I's competitive bid process



Source: Auditor prepared.

Customers thus have access to consulting and contracting services and a large pool of vendors they otherwise may not have. P&I charges agencies 5 percent of the price of the print order to perform these services.

The majority of print orders that come to P&I fall below “direct buy” limits, meaning state purchasing rules do not require agencies to solicit bids for the job. P&I nonetheless solicits bids for these smaller jobs, creating competition that saves customers money. In fiscal year 2015, P&I selected the lowest bidder for 86 percent of the jobs it outsourced. For the remaining 14 percent, P&I records showed appropriate reasons why the lowest bid was not selected. Most commonly, the vendor did not meet delivery dates or product specifications; in other cases, the vendor with the lowest bid was out of state, and preference was given to an in-state vendor as required by law. In general, we found P&I's bid process helps the state save money while balancing the needs of customers.

P&I managers face challenges demonstrating prices are competitive

For the 70 percent of jobs P&I decides to complete itself, it is difficult to demonstrate customers are receiving economical and efficient printing. P&I staff told us they typically base their decisions on whether to outsource jobs on the current capacity of the print shop and the order's due date, and do not outsource work purely on price, a factor we discuss further on page 13. P&I management stated that staff weigh the cost of the project and only perform jobs when P&I can offer prices that are close to those of most vendors. However, staff rely on their knowledge and experience rather than actual cost comparisons that exist in the competitive bidding process.

Requesting bids for every job, including the ones P&I decides to print itself, may not be a viable solution. P&I managers said they do not do this for several reasons.

- Vendors are notified of the outcome for every solicitation and may choose to stop submitting bids, which take time to prepare, if they perceive most of the requests would not result in work for them
- Adding a solicitation to each job that P&I could ultimately do itself would increase paperwork for staff and add time because the bid process takes at least 24 hours to complete

P&I relies on an annual market analysis to determine its competitiveness

Due to these issues, P&I instead performs an annual market analysis to determine if its prices are competitive with private vendors. Staff select about 15 to 30 orders that P&I printed in the prior year, including job types that are done most often, and send these job specifications out to vendors as if they were current bid requests. Management then compares the vendors' bids to the prices P&I actually charged customers for the orders.

While this method offers some price comparison information, P&I managers stated every print job has its own unique circumstances. External market forces, such as the availability and price of paper or the amount of work circulating in the industry, can impose considerable variability on price. Managers told us that if a P&I price was higher on one particular job in the market analysis, it does not mean that vendors will always have a lower price for that type of job.

For example, P&I provided information about three jobs competitively bid in the last two market analyses that were identical in specification and quantity. In one year, a vendor had the lowest price, but in the other year, P&I's prices were the lowest. P&I management told us they would not rely on the market analysis as evidence that all these and similar jobs should be outsourced because:

- Even jobs within the same job type, such as forms or envelopes, will have different specifications, which affect vendor prices
- Vendors' prices fluctuate based on their current capacity to handle the job and how much they need or want the work
- Vendors can submit quotes at very low profit margins or even at a loss to win the state's business and then raise prices on future jobs

While managers told us it is not appropriate to make outsourcing decisions based solely on the market analysis, they also told us they believe every market analysis completed shows that P&I is competitive with the private sector. We analyzed the data and found that P&I's last two market analyses showed its prices were lower than average for most jobs, but a vendor usually had the lowest price.

Its market analyses show improvement, but do not give P&I enough information on whether it should increase outsourcing or print more jobs itself

P&I managers told us they weigh other factors besides price when considering which jobs to outsource, including whether the lowest bid meets the job's specifications. Furthermore, P&I must recover fixed overhead costs such as human resources, technology services and executive management – costs that would be incurred or that would decrease only marginally if fewer orders were completed. If more work is outsourced, those costs are spread across fewer jobs and individual job prices would have to increase, offsetting at least some of the savings achieved through competition.

On the one hand, savings for customers realized through competitive bidding could outweigh any price increase P&I imposed as a result of printing fewer jobs. On the other hand, if P&I printed even more work and outsourced less, fixed overhead costs would be spread over more jobs and prices could drop for P&I customers. The best way to determine how outsourcing at varying levels would affect pricing for P&I's print jobs is to conduct a much more detailed analysis.

In the absence of an in-depth analysis, we used data from P&I's two latest market analyses to determine if its fixed overhead costs would make it more expensive for the state if agencies procured all print jobs from the private sector. Our price comparisons made cost recovery adjustments, decreased P&I's prices to reflect its fixed overhead costs and increased vendor pricing for sales tax and the 5 percent administrative fee that P&I charges agencies to outsource a job. We included sales tax for only the outsourced jobs because government-to-government sales are not subject to sales tax. We added the 5 percent administrative fee to vendor prices because if P&I were eliminated, the costs to bid out jobs would shift to customer agencies. The 2014 market analysis data suggests that the state could have realized savings of almost 13 percent if agencies outsourced every job to the lowest bidder. However, the 2015 market analysis data suggests that fixed costs would make it 12 percent more expensive for the state if P&I were eliminated.

P&I completed a similar analysis using its 2015 market analysis, and reported its findings to the Office of Financial Management, which also concluded that procuring all jobs from private vendors would increase the state's costs.

More representative pricing information would strengthen P&I's market analysis

P&I managers told us they try to incorporate a meaningful selection of jobs into their annual market analyses. They base their selection on the types of jobs they do most often and those that bring in the most revenue, however, these selections are not random samples, presenting the potential for bias. We found P&I selects only 15 to 30 solicitations out of the more than 13,000 jobs it prints a year. If P&I's selections of jobs are not based on representative random samples, those selections could significantly alter the results of the market analysis.

Random sampling would help ensure selected jobs are actually representative of all P&I print jobs. These random selections could be stratified by job type, cost, or frequency to ensure they capture the jobs that impact P&I's business the most. P&I managers acknowledge that a broader market analysis, using more data, would provide better information on its overall price competitiveness.

The current annual analysis does not incorporate seasonal pricing variations, such as the effect of fall voter pamphlet printing. If P&I performed its market analysis more often, it would be more likely to show both seasonal variation and trends over time. While vendor prices fluctuate according to job specifications, the vendors' capacity and other factors, being able to observe consistently higher or lower prices over time would give P&I stronger evidence of its overall competitiveness. In addition to randomly selected jobs, staff could include several recurring orders in every review to help them determine if vendor bids indeed vary greatly between similar jobs.

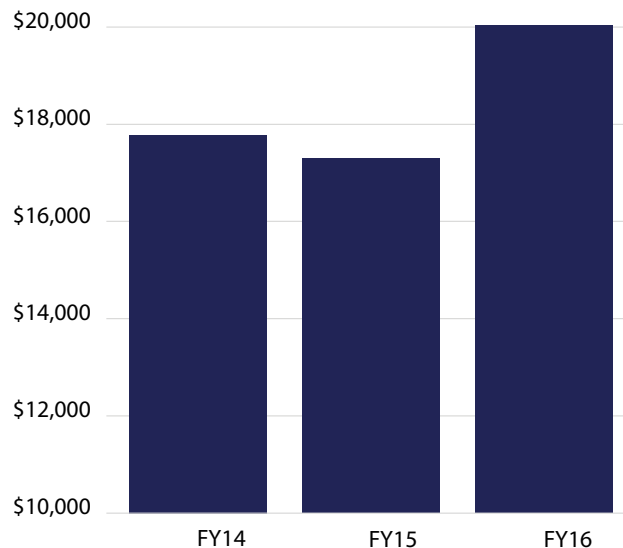
Leading practices in performance management include benchmarking to other, similar organizations. To establish such benchmarks, P&I could seek pricing information from other government print shops. In 2012, P&I used a survey conducted by the In-Plant Printing and Mailing Association (IPMA) to compare some of its prices to other large print shops. The survey provided limited results because it asked respondents for pricing on generic items. Since P&I's prices vary significantly based on specifications and quantity, it could not perform an accurate analysis.

Working directly with other large government print shops would allow P&I to select specific jobs for comparison. To make these comparisons more informative, P&I could make adjustments to account for differences in tax rates or costs of living, for example.

P&I has attracted new and repeat business from state and other governments

Since the law was changed in 2011, agencies are no longer required to use P&I and may now use a private printer if they choose. However, P&I's total revenues actually increased in the last year as shown in Exhibit 3. In addition, in its 2016 customer survey, P&I achieved high satisfaction scores: 85 percent "very or extremely satisfied" for the value of its services and 90 percent "very or extremely satisfied" for the quality of its finished products. These trends and survey results indicate agencies value P&I's services and may consider more than price. Agencies may be willing to pay more if P&I offers additional value, such as specific expertise or more security.

Exhibit 3 – P&I revenues increased in the last fiscal year



Source: Auditor prepared using data from the Agency Financial Reporting System.

P&I created efficiencies for its customers by combining print, mail and fulfillment services under one program. P&I managers told us their customers tell them they choose P&I's integrated service because it offers better service, the ease of dealing with one organization and lower prices.

We discussed these reasons with three customers P&I referred us to.

The Health Care Authority (HCA) contracted with P&I to mail new tax forms that were required by the IRS. Managers at HCA stated they had a very short turn-around time and P&I was able to print and mail all the forms over one weekend. They complimented DES' consulting services, which help them navigate the printing process and identify how they can do projects most economically. They also stated they believe transporting confidential data within the state network is more secure.

The Department of Transportation (WSDOT) moved all the printing and mailing needs for their Good to Go! toll servicing program from a private vendor to P&I in May 2016. WSDOT is planning for additional tolling facilities in the future and will need to ensure its supplier can cope with increased demand. WSDOT managers told us that with P&I, they will be able to increase the number of toll bills the agency mails to customers each day because P&I has better equipment and multiple shifts, allowing for higher volume. They also said there were other features that attracted them to P&I, such as its contingency plans and mail tracking process.

The City of Lacey also switched from a private vendor to P&I to print and mail its utility bills. A City representative told us it chose P&I in part because it offered faster mail service. Utility bills printed and mailed by P&I are delivered one to two days after they are printed, a process that took a week with their previous vendor.

DES could not provide any documentation confirming that integrated services saved customers money. The tax forms for HCA were a new requirement. Prior to the transition to P&I, WSDOT managers confirmed that P&I costs were competitive with the private vendor. The City of Lacey realized only marginal cost savings and stated that P&I prices were competitive.

More detailed vendor performance measurements would enable P&I to better assess its own

As we noted earlier, even if P&I's prices are higher, customers can be willing to pay more if the work is of higher quality or can be delivered on schedule. However, P&I cannot demonstrate that it can more consistently provide higher quality work, delivered on time, because it does not collect enough information on vendor performance to do so. For example, P&I measures the cost of rework and the percentage of its projects that shipped on-time. By contrast, it uses only one measure to track vendor performance: satisfactory, minor problem or major problem. P&I's procurement system includes fields for timeliness and quality, which P&I uses to determine whether the vendor's performance was satisfactory overall, but it does not compare itself to private vendors using individual measures. Comparing vendor quality and on-time delivery against P&I's quality and on-time delivery would provide useful performance information.

Question 2: Is DES promoting print management to all agencies?

Answer in brief

Yes. DES has taken several steps to promote print management and encourage state agencies to implement strategies that help them reduce their printing costs. Its continued efforts should help the state fully realize the savings that result from comprehensive print management.

Print management is an overarching term that refers to the techniques an organization uses to manage all its printing operations, from desktop printers and self-service copiers staff use every day to large jobs printed by offsite vendors. Print management can include tracking what and how much an agency prints, optimizing printing equipment to best fit an agency's needs, and minimizing the volume of material it prints.

What and how much an agency prints varies and is driven by its mission. Some agencies, like the Employment Security Department, are required by law to print and mail documents, such as decisions on an applicant's eligibility for unemployment benefits. Although many agencies must continue to print certain documents to carry out their missions, print management strategies can still help agency leadership make informed decisions about their printing needs and where they might reduce costs.

Print management strategies can help state agencies save money

In 2009, Gartner, Inc., an international information technology research and consulting company, issued several reports discussing opportunities to reduce office printing costs. During our 2011 audit, the subject matter experts we engaged identified Gartner as one of several leading companies that provide information on this topic. Even today, other companies that estimate savings through print management cite opportunities that are similar to Gartner's estimates.

In its studies, Gartner asserted that most organizations have too much or the wrong kinds of printing equipment. It estimated organizations could save between 10 percent and 30 percent on their office-based printing if they:

- Assess their needs and right-size their equipment
- Purchase equipment competitively
- Develop policies to keep the printing environment optimal

In our 2011 audit, we estimated that if all state government organizations fully implemented these strategies, the state could save up to \$10.7 million annually.

Some agencies are required by law to print and distribute certain documents. Examples include:

All state agencies with rule-making authority

- Notices of proposed rules
- Notices of hearings

Department of Natural Resources

- Foresting stop work orders
- Forest practice rule violation notices
- Notices of failure to comply with forest practice rules
- Notices of penalties imposed

Department of Revenue

- Notices and orders to withhold and deliver taxpayer property
- Notices of informal administrative review

Employment Security Department

- Unemployment insurance eligibility notices
- Job search requirements
- Notices of questionable eligibility

Agencies are now required to implement print management strategies

Effective August 2015, all agencies, including colleges and universities, are required to adopt policies, standards and procedures governing the management of their print operations and determine baseline print costs. In addition, they must submit annual print management strategy reports to DES.

Agencies with more than 1,000 employees are also required to engage private vendors to help them assess their in-house printing needs, optimize their equipment to meet those needs, and reduce printing costs. Those large agencies must use the state master contract, which is competitively bid, to purchase printing equipment or conduct their own competitive solicitations. Agencies with fewer than 1,000 employees may also purchase equipment using this contract. But for purchases outside the contract, they must seek bids for equipment valued at over \$10,000 and may choose to seek bids on purchases under \$10,000.

DES has taken important steps to promote print management techniques among state agencies

Although the agencies are responsible for developing their own policies, standards and procedures to manage their print operations, DES has taken several steps to help them meet the new requirements:

- **Notified all agencies of the new requirements** – The DES Director sent an email to the head of each agency notifying them of the changes in law and suggesting they collaborate with other agencies to meet the new requirements.
- **Developed and distributed print management guidelines** – DES created guidelines as a resource for agencies in December 2014 to help them track, manage and minimize printing. DES emailed a link to the guidelines to the head of each state agency, and published them on the DES website.
- **Facilitates the Print Management Strategies Team** – DES facilitates an ad-hoc group, composed of representatives from various agencies, whose mission is to develop guidance and resources to help agencies implement print management rules and guidelines. Group members can help clarify print management rules, explain reporting requirements, and update policy and best practices.
 - Reaching out to individual agencies – DES' Print and Mail Services Operations Manager has contacted individuals at agencies not yet participating on the Print Management Strategies Team in an effort to expand participation.

Despite its promotion of print management, DES conducted a survey showing that few agencies reported working on their print management strategies

DES worked with members of the Print Management Strategies Team to develop a survey for all state agencies. Among other things, it asked about their print management policies and how they track print expenditures. The information collected through the survey will be reported to state agency leaders, the Governor, the Office of Financial Management and the Legislature, before being made available to the public.

DES sent the survey to state agencies and received 46 responses; 12 of them employ more than 1,000 people, and so must conduct private vendor assessments of their print needs and equipment. Based on the information the 46 agencies provided, it appears several have implemented at least one of the following three strategies Gartner recommended.

- **Assessing needs and right-sizing equipment.** Of the 12 large agencies required to assess printing needs and equipment, nine reported they have entered into such contracts and made adjustments to their printing equipment. DES did not ask smaller agencies if they have conducted any needs assessments and right-sizing.
- **Purchasing equipment competitively.** Of the 12 large agencies, nine reported they use the state master contract or competitive bidding to purchase equipment. DES did not ask smaller agencies if they follow either practice.
- **Developing policies to keep the printing environment optimal.** Of the 46 agencies that responded to the survey, 10 have developed print management policies and another 28 were drafting them at the time of the survey.

Why have agencies not implemented strategies?

DES managers offered a few reasons why agencies have not started implementing these strategies.

- Agency staff may be unaware of the new requirements, which took effect in August 2015. DES managers said it is challenging to keep agencies informed of changes in law because there is no centralized list that identifies who is responsible for each agency's print management.
- The position assigned those duties can vary greatly from agency to agency, and some agencies have not yet made someone responsible for print management. Even if agencies have designated someone to be responsible, that person may not have the authority to implement agency-wide strategies.
- Smaller agencies have limited staff resources and must balance fulfilling the new requirements with other mission-critical activities.

Agencies did not report and may not know their baseline printing costs, which is a critical first step in effective print management

The first step toward effective print management strategies – and potential cost savings – is to correctly identify all current print costs. The new requirements instruct all agencies to submit their print strategies to DES annually. They also require them to determine their baseline print costs, but do not require them to report those costs to DES.

Although most agencies that responded to the survey reported on strategies they have implemented, none reported any baseline costs. DES had planned to ask agencies to submit cost information when they reported on their print management implementation, but later decided against requiring this information. DES and the Print Management Strategies Team are working to develop consistent metrics to calculate baseline costs and plan to request this information in their next survey.

Although there is no specific requirement that agencies report their baseline costs to DES, it is in the agencies' own interest to calculate them.

If more agencies adopt print management strategies, the state could save money

While survey respondents did not volunteer information about their print costs, state agencies did report spending \$55.7 million on printing in fiscal year 2016 in the state's financial reporting system. We cannot say how reliable this information is, and it may be understated because it excludes printing expenditures agencies made using purchase cards or that were not categorized as "printing" expenditures. Despite these limitations, we used the reported expenditures to estimate potential savings to office-based printing.

To ensure a conservative estimate, we eliminated print costs we could identify as printed off-site, such as payments to P&I or those with information in the description field that indicated the job was printed by a private vendor. We also eliminated those agencies that said in the survey they have right-sized their equipment and purchased equipment competitively. After these eliminations, the reported expenditures were reduced from \$55.7 million to \$39 million.

Using the \$39 million and applying the 10 percent to 30 percent savings Gartner estimated, we estimate that if all remaining agencies, including colleges and universities, fully implement the strategies, there is an opportunity for the state to save up to \$3.9 million to \$11.7 million annually. However, without complete information about the implementation of print management strategies, we could not estimate how much of this amount the state has already saved through partial implementation.

A few agencies have reported significant savings

Some agencies have used print management strategies effectively for many years.

In 2002, long before the state required external vendor assessments and equipment right-sizing, the **Department of Ecology** signed a contract to conduct such activities and reduced its printing costs. Staff solicited bids from vendors to assess their printing needs and the opportunity for new, efficient equipment. The contract it signed reduced the agency's total number of multi-function printing devices from 380 to 148 and saved nearly \$200,000 from previous years. It is also in the process of developing a print management policy.

The **Attorney General's Office** began using similar contracts in the early 2000s. The Office consolidated all copiers and printers under one contract, and created a team composed of staff from IT and Financial Services to manage printing services and purchases. Although the Office did not attempt to quantify savings, it reported that through these efforts it reduced costs and the number of printers on employee desks, standardized equipment, and increased print, copy and scan speeds. The Office is also drafting a print management policy.

DES should continue to promote print management and monitor agencies' progress

DES' outreach efforts will continue to help agencies implement print management strategies and save money. It could continue to offer print management training to agency personnel. DES' data collection efforts will help agencies develop performance measures and establish cost baselines. This will help the agencies identify areas for potential savings and track any savings that result from implementing print management strategies.

Question 3: Have agencies merged their in-house print shops with P&I?

Answer in brief

No. Instead, agencies achieved savings through downsizing and other approaches.

In our 2011 performance audit, we examined in-house print shops operated by the Legislature and six agencies: WSDOT and the departments of Employment Security (ESD), Social and Health Services (DSHS) and Labor & Industries (L&I); the Office of Superintendent of Public Instruction (OSPI); and the Attorney General's Office (AGO). The audit recommended they merge their equipment and staff with the Department of Printing to achieve potential savings of up to \$1.9 million annually. However, in their official responses to our audit and in annual progress updates since then, all respondents told us that merging would contradict their business needs and may not result in the estimated savings. Among their reasons:

- In-house printing is cheaper, and avoids return shipping costs
- In-house printing offers faster turnaround times
- In-house print shops specialize in the products their agencies need
- Many documents contain confidential information they considered unsuitable for outside printing
- Printing services staff perform other agency functions and could not simply be transferred to a centralized print shop

They concluded that consolidation would result in minimal cost savings.

An independent review recommended merging five print shops, but only if all participated

The 2011 legislation establishing DES also directed it to identify agencies with in-house print shops and prepare a recommendation to the Legislature to transfer their personnel, equipment and activities to the newly created department.

In response, DES hired a subject matter expert from the National Association for Printing Leadership to analyze the feasibility, costs, benefits and risks associated with the consolidation of print shops. The expert recommended the full consolidation of five: the two print shops at the Legislature, ESD, WSDOT and the AGO, because they were physically located close to DES. However, his report warned that to achieve the greatest savings – likely \$1.4 million over three years – all five would need to merge. If fewer than that agreed, he would not recommend full consolidation.

The expert also recommended that the other agencies with in-house print shops financially consolidate their printing services, meaning they would place the management and the fiscal responsibility for personnel, equipment and services with P&I, but retain the equipment and work in the separate agencies. He added that the state should consider fully merging some of these print shops with P&I after a more in-depth feasibility analysis.

The Legislature chose not to merge with other agencies but did consolidate its own print shops

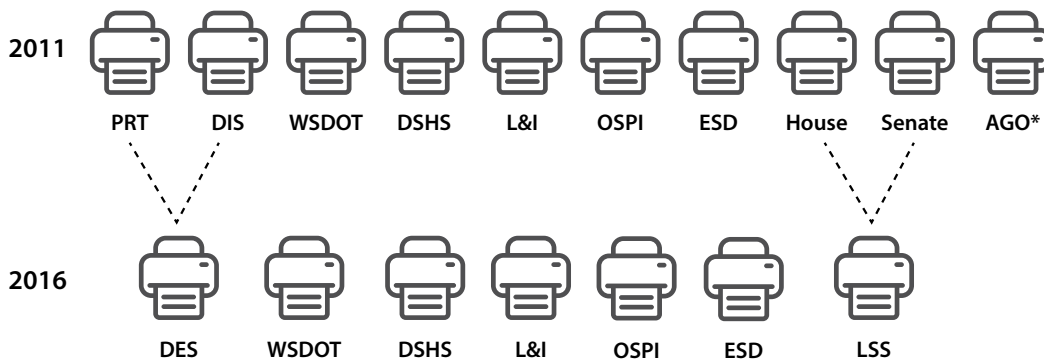
Despite the expert’s recommendations, the Legislature informed DES it did not intend to participate. In its official response to our 2011 audit, the Legislature stated it intended to maintain in-house printing, because its publication staff have expertise in designing and printing legislative materials and the nature of the legislative process requires immediate printing. Instead, it planned to consolidate House and Senate administrative services, including printing. It completed this merger in 2012, creating Legislative Support Services (LSS), and reported \$732,000 in biennial savings.

Without the Legislature’s participation, the other agencies did not pursue the merger

Between the Legislature’s decision and the expert’s stipulation, DES reported in its recommendation to the Legislature that the potential savings would be minimal and outweighed by the costs to merge. It also reported that all the agencies expressed concerns with financial consolidation, citing potential problems with management, oversight and internal communications.

In annual agency follow-up responses to the 2011 performance audit, all the agencies reiterated that they did not intend to consolidate, stating that cost savings could not be achieved, but they would work on other methods to reduce printing costs. **Exhibit 4** shows the final results of the recommendation.

Exhibit 4 – The 10 print shops of 2011 now number seven



* The Attorney General’s Office disbanded its print shop in 2015.

Although agencies did not consolidate their in-house print shops with P&I, several downsized and made other changes to reduce costs.

In addition to the consolidation of the Senate and House print shops, some agencies have reported the following efforts to increase efficiency and reduce costs:

- OSPI downsized its equipment and reduced staff, resulting in \$129,000 in annual savings.
- DES streamlined services, reducing the number of operating locations from six to two and eliminating its delivery service system by merging with the state's Consolidated Mail Services.
- ESD reduced the numbers of employees and printers in its shop while cutting the cost of high-volume printing from \$14.2 million to \$5.2 million.
- The AGO downsized its print shop between 2010 and 2015, when it closed it entirely. It estimates no appreciable additional savings were gained by the closure.
- DSHS closed one of its two print shops and reduced the number of staff.
- WSDOT replaced its copiers with more efficient and cost-effective models, surplused underutilized equipment and reduced staffing levels. These changes have produced about \$500,000 in annual savings.
- L&I now prints some jobs in house and sends others to P&I depending on its business reporting requirements and other factors such as cost, turnaround time and security.

We did not perform additional financial analysis on merging print shops for this audit

Despite our earlier audit's findings, and those of the independent subject matter expert, DES, the Legislature and the other agencies concluded merging would not lead to the desired cost-savings. Instead, agencies achieved savings through internal consolidations and by downsizing their print operations. For this reason, we have decided that performing another analysis around consolidation would not be an efficient use of audit resources.

Recommendations

To ensure it provides the state with the lowest cost or with the best balance of cost, timeliness and quality, we recommend P&I:

1. Collect performance information on vendor product quality and delivery
2. Analyze and benchmark P&I's performance against vendor performance in these areas
3. Explore ways to collect additional pricing information to identify trends and adjust business strategies accordingly. Possibilities include:
 - Performing its market analysis more than once annually
 - Comparing prices to other government print shops that provide centralized print and imaging services
4. Randomly select jobs for its market analysis in addition to recurring orders it includes in every review

To improve agencies' implementation of print management, we recommend DES:

5. Publish each agency's progress at implementing the state's print management requirements so that the Governor, Legislature and public can monitor their progress
6. Continue to reach out to agencies to ensure they are aware of the state's print management requirements and guidelines
7. Request that agencies report their baseline printing costs and how those costs have changed over time as a result of print management efforts
8. Continue to offer training and assistance to agency personnel on print management

Agency Response



STATE OF WASHINGTON

October 28, 2016

The Honorable Troy Kelley
Washington State Auditor
PO Box 40021
Olympia WA 98504-0021

Dear Auditor Kelley:

Thank you for the opportunity to respond to the State Auditor's Office (SAO) performance audit report on "Ensuring Economical and Efficient Printing for Washington." The Office of Financial Management worked with the Department of Enterprise Services (DES) to provide a coordinated response.

DES acknowledges that the recommendations, in concept, are reasonable because they align with the agency's current best practices, specifically those in Printing and Imaging (P&I). The P&I program offers a variety of services to more than 432 state and local government agencies, Native American tribes, and public nonprofit organizations. DES staff consults with customers to determine the most cost-effective and efficient service. These services include but are not limited to:

- Digital printing
- Traditional offset printing
- Print job consulting and procurement support for private sector services
- Fulfillment storage and distribution services
- Envelope manufacturing and printing
- Integrated/accountable print and mail services
- Quality control and integrity for sensitive data

Since the SAO's 2011 performance audit of printing services, the law creating DES ([Chapter 43.19 RCW](#)) changed long-standing state printing requirements in two ways:

1. RCW 43.19.736 no longer requires state agencies to use the state printer and allows flexibility for customers to seek bids from other entities while requiring that DES be included in the bid solicitation for bids that exceed direct buy limits.
2. RCW 43.19.739 added a requirement that "For every printing job and binding job ordered by a state agency, the agency shall consult with the department on how to choose more economic and efficient options to reduce costs."

In calendar year 2013, agencies were authorized to purchase goods and services up to a cost of \$10,000 (excluding sales tax) directly from a vendor and without competition (a "direct buy" purchase). This threshold is increased to \$13,000 (excluding sales tax) for purchases made from a

The Honorable Troy Kelley
October 28, 2016
Page 2 of 2

microbusiness, minibusiness or small business as defined by [RCW 39.26.010](#). In state fiscal year 2016, we determined that more than 98 percent of state print jobs that P&I produced in-house fell within direct-buy thresholds. Less than 2 percent of the jobs would have been required to be competitively bid.

These changes in law and policy placed P&I in a competitive free market and set the expectation for delivering maximum value at a competitive price. In fiscal year 2016, P&I has experienced steady revenue growth and higher customer satisfaction. P&I also increased production of confidential and/or sensitive jobs for customers, an area historically dominated by the private sector. These results demonstrate that P&I consistently delivers to customers high-quality work and on-time delivery at a competitive cost.

Sincerely,



Chris Liu, Director
Department of Enterprise Services



David Schumacher, Director
Office of Financial Management

Enclosure

cc: David Postman, Chief of Staff, Office of the Governor
Kelly Wicker, Deputy Chief of Staff, Office of the Governor
Matt Steuerwalt, Executive Director of Policy, Office of the Governor
Roselyn Marcus, Assistant Director, Office of Financial Management
Scott Merriman, Legislative Liaison, Office of Financial Management
Rich Roesler, Acting Director, Results Washington, Office of the Governor
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Jeff Canaan, Deputy Director, Department of Enterprise Services
Bob Covington, Deputy Director, Department of Enterprise Services

OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON ENSURING ECONOMICAL AND EFFICIENT PRINTING FOR WASHINGTON – OCTOBER 28, 2016

This coordinated management response to the State Auditor's Office (SAO) performance audit report received on October 10, 2016, is provided by the Department of Enterprise Services (DES) and Office of Financial Management (OFM).

SAO PERFORMANCE AUDIT OBJECTIVES:

The purpose of SAO's audit was to build on the findings of its previous audit and to follow up on its recommendations.

1. Does the DES Printing and Imaging (P&I) competitive bidding process ensure economical and efficient printing for the state? If not, why not?
 2. Is DES promoting print management strategies to all state agencies?
 3. Have any agencies merged their in-house print shops with P&I?
-

SAO FINDINGS:

- Printing and Imaging needs more vendor-pricing and performance information to fully demonstrate its print prices are competitive.
 - P&I has attracted new and repeat business.
 - DES is already promoting print management with agencies and could do more.
 - Agencies have not merged their in-house print shops with P&I.
-

To ensure it provides the state with the lowest cost or with the best balance of cost, timeliness and quality, SAO recommends that P&I:

SAO Recommendation 1: Collect performance information on vendor product quality and delivery.

STATE RESPONSE: DES already collects high-level vendor performance information on jobs outsourced by P&I. All orders are scored on a 1-4 rating (1 being the best and 4 being the lowest), with 2 being the default performance score. Any quality or delivery issue identified by DES or its customers pushes the scoring to a 3 or 4, depending on the severity of the issue(s). Collecting additional vendor performance data to clarify and inform our overall performance metrics will require additional time, resources and expense for DES and our customers.

P&I is already competing for our customers' work on the free market. If our customers are not satisfied with our quality, timeliness and price, we will not earn their business. Therefore, DES is assessing the return on investment of collecting more data at the recommended level of detail.

Action Steps and Time Frame:

- DES will determine the return on investment for this additional data. What we learn will help us be more efficient. *By June 30, 2017*
-

SAO Recommendation 2: Analyze and benchmark P&I's performance against vendor performance in these areas.

STATE RESPONSE: This is dependent on future data collected as a result of Recommendation 1.

P&I focuses on delivering customer value. Therefore, our key metric is customer satisfaction related to P&I's overall performance and price. If P&I is not competitive with vendors on both of these measures, it will be reflected in the satisfaction metrics. In addition, if customers are unsatisfied, P&I will not earn their future business. This could result in less revenue.

Action Steps and Time Frame:

- DES will determine the return on investment for this additional data. What we learn will help us be more efficient. *By June 30, 2017*
-

SAO Recommendation 3: Explore ways to collect additional pricing information to identify trends and adjust business strategies accordingly. Possibilities include:

- Performing its market analysis more than once annually
- Comparing prices to other government print shops that provide centralized print and imaging services

STATE RESPONSE: P&I annually evaluates its budgeted hourly rates. This information is used to compare P&I's costs to those in the private sector, giving DES a benchmark against which to compare P&I's prices and to ensure its competitiveness for similar services.

Performing additional market analyses on already-completed jobs will require additional time, resources and expense for DES and its customers. In addition, this recommendation will increase the burden and expense for private sector vendors who will be asked to provide pricing on jobs that will yield no new revenue. Despite these added costs, DES will assess whether this recommendation has a positive return on investment.

Action Steps and Time Frame:

- DES will determine the return on investment for this additional data. What we learn will help us be more efficient. *By June 30, 2017*
-

SAO Recommendation 4: Randomly select jobs for its market analysis in addition to recurring orders it includes in every review.

STATE RESPONSE: In fiscal year 2016, 82 percent of the jobs (less than \$1,000 per job) performed in-house by P&I represented just 13 percent (\$1.6 million) of its overall revenue, while 5 percent of the jobs (greater than \$5,000) composed 70 percent (\$8.4 million) of overall revenue. If P&I were to randomly select jobs for its market analysis, it would fail to assess the jobs of greatest impact to customers.

Currently P&I selects recurring work that covers its four major job types: offset, digital, variable information, and envelopes. This selection method allows P&I visibility into every aspect of its operation and ensures that P&I assesses the jobs with highest impact to our customers.

P&I market analyses gather information to make informed, data-driven business decisions. In addition to these analyses, our competitiveness is validated by customer satisfaction, growth of our customer base, and rising revenues.

Action Steps and Time Frame:

- DES will determine whether our current selection method needs to be modified. *By June 30, 2017*
-

To improve agencies' implementation of print management, SAO recommends that DES:

SAO Recommendation 5: Publish each agency's progress at implementing the state's print management requirements so that the Governor, Legislature and public can monitor their progress.

STATE RESPONSE: Prior to the start of the audit, DES was already implementing the first agency survey on print management, which then closed on June 30, 2016. DES is now clarifying certain customer responses prior to publishing this information. In addition, DES is reaching out to agencies that did not complete the first survey. These efforts will improve the statewide summary information; provide transparency to the Governor, Legislature and public; and guide agencies' improvement efforts.

Action Steps and Time Frame:

- DES intends to publish the results from the first survey. *By March 31, 2017*
-

SAO Recommendation 6: Continue to reach out to agencies to ensure they are aware of the state's print management requirements and guidelines.

STATE RESPONSE: Over the past year, DES has met monthly with partner agencies to obtain feedback on the rulemaking required by law and to reach consensus on what data should be included in the initial survey. The print management strategies team will continue to meet quarterly to provide technical assistance and outreach to requesting agencies. To assist all state agencies and institutions of higher education, DES provides assistance, training and other guidance. DES intends to continue this effort, including outreach and publication of all survey information, with available resources.

Action Steps and Time Frame:

- DES will conduct quarterly meetings starting in January 2017. We will also continue to provide outreach and technical information as requested. For example, in October 2016, DES conducted outreach with the State Board for Community and Technical Colleges at its purchasing council meeting.
-

SAO Recommendation 7: Request that agencies report their baseline printing costs and how those costs have changed over time as a result of print management efforts.

STATE RESPONSE: DES can request this information but since reporting is not mandated by statute, we rely on cooperation from state agencies and institutions of higher education to provide

the best information available. To improve baseline information, DES will conduct a second survey in 2017.

Action Steps and Time Frame:

- DES will conduct, compile, and publish a second survey. *Survey results from agencies will be due to DES by August 1, 2017. DES will publish results by September 30, 2017. This schedule will be followed annually.*
-

SAO Recommendation 8: Continue to offer training and assistance to agency personnel on print management.

STATE RESPONSE: Please refer to our response to Recommendation 6. In addition, as we learn best practices, we will modify our practices accordingly.

Action Steps and Time Frame:

- DES will establish quarterly meetings to provide outreach and assistance. *By January 2017.*
-

Appendix A: Initiative 900

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor’s Office to conduct independent, comprehensive performance audits of state and local governments. Specifically, the law directs the Auditor’s Office to “review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts.” Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor’s Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Audit Results section of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	Yes. The audit identified potential cost savings if all agencies fully implement print management strategies.
2. Identify services that can be reduced or eliminated	Yes. The audit reviewed whether or not the state could save money by outsourcing more print jobs to the private sector. We found that P&I needs to collect more information to determine if there is an opportunity to reduce costs through more outsourcing.
3. Identify programs or services that can be transferred to the private sector	Yes. The audit reviewed whether or not the state could save money by outsourcing more print jobs to the private sector. We found that P&I needs to collect more information to determine if there is an opportunity to reduce costs through more outsourcing.
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	No. While our 2011 audit evaluated agency print shop services that overlapped with P&I and recommended consolidation of print shops, we did not repeat that analysis in this audit. However, we did report on which agency print shops have and have not consolidated.
5. Assess feasibility of pooling information technology systems within the department	No. This audit focused on the consultation and bid services P&I provides to customer agencies and its work to promote print management strategies and not on its information technology systems.
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	Yes. The audit reviewed whether or not the state could save money by outsourcing more print jobs to the private sector, which would potentially change P&I’s role. However, we found that P&I needs to collect more information to determine if there is an opportunity to reduce costs through more outsourcing.
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	No. Washington Administrative Code (WAC) does not require agencies to report their baseline printing costs and how those costs have changed over time. Our audit recommends DES request that agencies report this information, however this does not require a change in the WAC.
8. Analyze departmental performance, data performance measures, and self-assessment systems	Yes. The audit found that P&I could better assess its timeliness and quality by collecting more information on vendors’ performance and comparing it with P&I’s performance.
9. Identify relevant best practices	Yes. The audit found that DES is promoting best practices for print management and includes information on whether or not agencies have implemented best practices. The audit also recommends that P&I explore the best practice of benchmarking to other government print shops to better assess its competitiveness.